

FISCAL NOTE

HB 1156 - SB 1521

April 9, 2003

SUMMARY OF BILL: Imposes a 6% tax on lottery winnings over \$2500 with the same exemption privileges that apply to Hall income taxpayers over age 65. Additionally, it requires the lottery corporation to provide the commissioner of revenue with the same information provided to the internal revenue service related to lottery winnings over \$600. Requires the lottery corporation to withhold and remit to the commissioner 6% of lottery winnings over \$2500.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact -Exceeds \$5,000,000

Estimate assumes:

- There would be a shift in some revenue from the state sales tax to the tax imposed by this bill because some of the prize money that is being paid out in taxes would have been spent on taxable items.
- The tax would be applied on gross winnings prior to any other mandatory deductions.
- The tax is applied on the value of winnings in the case of non-cash prizes.
- Lottery sales may be impacted by the tax.

For informational purposes, it should be noted that without knowing the types of games that will be offered and the exact payouts for the various lottery games, it is impossible to come up with a precise amount of revenue generated for the state through this type of tax. However, it can reasonably be estimated that the net impact will be an increase in state revenues exceeding \$5,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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